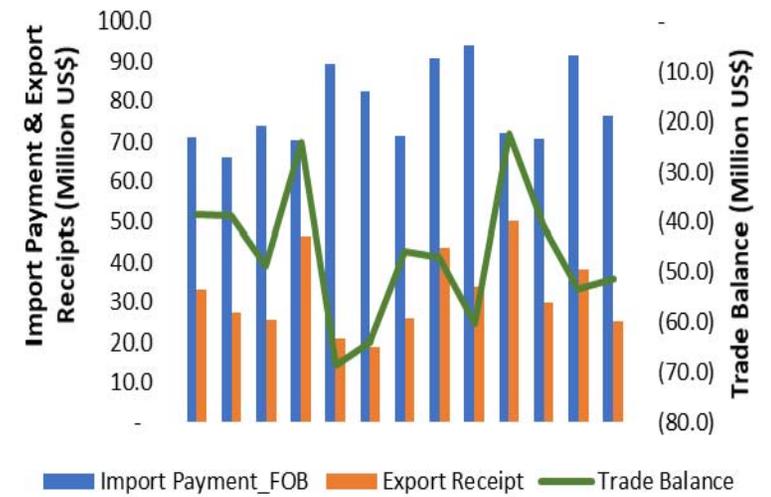




CENTRAL BANK OF LIBERIA (CBL)



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**Table 2: Performances of End-of-Period WAMZ
Exchange Rates against the US Dollar**

Currency	Jun -17	May-18	Jun-18	Appr. (-)/Depr. (+)	
				M-o-M	Y-o-Y
GHC	4.36	4.42	4.52	2.23	3.62
GMD	46.00	47.91	48.07	0.34	4.50
GNF	8,968.60	8,996.48	9,003.33	0.08	0.39
LRD	113.13	138.29	150.77	9.00	33.28
NGN	305.40	305.45	305.30	-0.05	-0.03
SLL	7,340.46	7,665.11	7,740.50	0.98	5.45

Sources: Central Banks of Liberia and W/AMA: www.amao-wama.org/

LRD—Liberian Dollar

GHC—Ghanaian Cedi

GMD—Gambian Dalasi

GNF—Guinean Franc

NGN—Nigerian Naira

SLL—Sierra Leonean Leone

USD—US Dollar

		Mar - 18	Apr - 18	May- 18	Jun- 18
10	Inflation	<i>(In percent)</i>			
10a	Overall (Year-on-year) Rate of Inflation	19.5	21.4	21.3	24.6
	a. Food and Non-alcoholic Beverages Inflation	17.4	20.1	19.6	22.4
	- Domestic Food Inflation	19.8	21.3	20.4	22.0
	- Imported Food Inflation	15.7	19.2	18.7	22.3
	b. Transport Inflation	30.8	30.3	30.3	45.4
	c. Imported Fuels Inflation	28.1	28.0	31.6	40.2
	Overall (Month-on-Month) Rate of Inflation	2.1	1.4	1.1	5.8
10b	Core Inflation	<i>(In percent)</i>			
	Inflation excluding Food & Non-alcoholic Beverages	20.7	22.1	22.2	25.8
	Inflation excluding Imported Food	20.6	21.9	21.9	25.1
	Inflation excluding Domestic Food	18.3	20.4	20.4	24.4
	Inflation excluding Food and Transport	19.1	20.8	20.4	22.6
10c	Production	<i>(Metric Tons, Carats and Ounces)</i>			
	Iron Ore	469,047	408,010†	456,750†	418,006†
	Gold	16,109	17,301	26,061†	12,407
	Diamond	10,549	13,473	9,866†	128
	Rubber	5,792	4,467	5,094†	4,205
	Cement	37,980	43,397†	35,731	21,863
	Beverages	<i>(In Liters)</i>			
	Alcoholic	497,147	964,591	1,269,040†	1,247,654
	Non-Alcoholic	931,039	1,042,549	1,045,407	768,621
	Total Beverages Production	1,428,186	2,007,140	2,314,447	2,016,275

* US\$ converted to L\$ ^With liquidity Effect
**** Other Deposits Include Official and Manager Checks**
*****The Minimum Capital Adequacy Ratio is 10%**
******The Required Minimum Liquidity Ratio is 15%**
‡Reserves exclude ECF borrowing from the IMF
± Provisional, Preliminary, Estimate † Revised ‡Not Available (NA)
/1 Average Monthly prices of Dated Brent, West Texas Intermediate & Dubai Fateh

OVERVIEW

Production statistics at end-June 2018 revealed that outputs of key commodities in the economy generally showed a descending trend. Except Iron ore production which saw an increase, outputs of other key commodities declined during the review month. Regarding price development, headline inflation increased during the month mainly on account of depreciation of the Liberian dollar coupled with rise in the pump price of petroleum products.

In the monetary sector, broad money supply (M2) at end-June 2018 increased compared with the previous month supported by growth in net domestic assets (NDA). Disaggregation of commercial banks' outstanding loans and advances to private sector showed that both the United States and Liberian dollar loans and advances at end of the review month rose above the amounts recorded in the previous month.

Major financial market developments in the economy during the review month showed that (1) the exchange rate between the Liberian and United States dollar depreciated in June 2018 compared with the preceding month, (2) the Government of Liberia (GoL) T-bill operation resulted into a net withdrawal of Liberian Dollars of L\$3.5 million and (3) key financial soundness indicators of the banking sector continued to show robust performance of the industry.

On the fiscal front, GoL's fiscal operations at end-June 2018 resulted into a deficit of US\$10.0 million, and Liberia's public debt position rose above the position recorded in the preceding month.

Finally, on the external front, Liberia's trade balance relatively improved during the month due to a decline in import payments which outweighed the fall in export earnings. Similarly, the gross foreign reserves position of the CBL slightly improved in June compared with the preceding month.

REAL SECTOR & PRICE DEVELOPMENTS

Production Analyses of Key Commodities

Statistics from the productive sector revealed that the outputs of various commodities in June 2018 generally depicted declining trends when matched against outputs during the previous month. The reporting month experienced a drop in all major commodities produced including iron ore, gold, diamond, beverages, rubber and cement.

Cement output during the month declined by 13,868 metric tons, from 35,731 metric tons produced a month ago. The 38.8 percent drop in output was mainly a result of the heavy downpour of rain which led to a slowdown in construction activities. Beverages production fell to 2.0 million litres, from 2.3 million litres produced in May. The 12.9 percent reduction in production of the commodity was due to inventory build-up. Similarly, diamond production during the review period contracted to 128 carats, down from 13,473 carats produced during the preceding month. The 9,738 carats dip in the production of diamond was attributed to the recording of high quality value diamond and government policy in streamlining export certificates to diamond exporters. Rubber output also plummeted during the month to 4,205 metric tons, from 5,094 metric tons produced in the previous month. The slump in production of rubber was attributed to the declining global price of the commodity. Gold output in the month took a declining trend to 12,407 ounces, down from 26,061 ounces produced in May. The fall in gold production was because of government policy in streamlining the certification of exporters in the mining and panning sector.

Additionally, iron ore production decreased to a revised 418,006 metric tons, reflecting a negative growth of 8.4 percent in production, compared with the preceding month. The contraction in iron ore production is attributed to the decline in the price of the commodity on the global market.

Consumer Prices

Year-on-year rate of inflation increased by 3.3 percentage points to 24.6 percent at end-June 2018, up from 21.3 percent at end-May 2018. The rise in inflation was attributed to increases in all the major subgroups, especially

	Mar - 18	Apr - 18	May- 18	Jun- 18
5 CBL's Foreign Exchange Auction	<i>(Millions of US\$)</i>			
US Dollar Amount Sold	1.9	4.0	5.8	5.1
Total Subscription	2.0	3.4	5.0	8.0
Over (+)- / Under (-) Subscription	0.1	-0.6	-0.8	2.9
6 CBL Bills Auction	<i>(Millions of L\$)</i>			
Bill Issued	0.0	0.0	0.0	0.0
Bill Redeemed	0.0	0.0	0.0	0.0
7 Personal Remittances	<i>(Millions of US\$)</i>			
Inflows	49.6	42.1	46.0	29.0
Outflows	31.9	31.0	35.4	14.8
Net flows	17.6	11.1	10.6	14.2
8 Exchange Rate	<i>(USD/LD)</i>			
End of Period	131.6	131.5	138.3	150.8
Period Average	131.1	131.2	134.4	143.3
9 Financial Soundness Indicators (FSI)	<i>(In percent)</i>			
Capital Adequacy Ratio (CAR)***	35.14	34.9	39.7	27.2
Non-performing Loans to Total Loans	17.0	16.3	13.2	13.6
Non-performing Loans (% change)	12.3	-6.7	-8.2	9.6
Returns on Assets (ROA)	0.12	0.5	0.5	0.7
Returns on Equity (ROE)	0.77	2.9	2.9	4.3
Liquidity Ratio****	47.6	42.7	41.5	40.7

/1 Trade data now sourced from Customs (LRA) with larger coverage than BIVAC.

¹demand deposits exclude manager checks from commercial banks

Table 1: Fact Sheet

		Mar - 18	Apr - 18	May - 18	Jun - 18
4	Monetary	<i>(Millions of US\$)</i>			
	CBL Net Foreign Exchange Reserves Position (Including SDRs)‡	188.1	130.9	131.4	134.5
	CBL Gross Foreign Reserves (including SDRs)	438.7	379.0	379.5	382.6
	Liberian Dollars in Circulation	16,692.6	16,900.6	17,029.9	17,236.1
	Money Supply (M1) in L\$ only	22,572.7	22,189.5	22,511.3	22,741.6
	Broad money (M2) in L\$ only	30,158.1	29,433.0	29,766.3	30,233.3
	Broad money (M2) in both L\$ and US\$*	87,003.7	87,510.3	86,368.9	95,801.2
		<i>(In percent)</i>			
	Liberian Dollar share of Broad Money	34.7	33.6	34.5	31.8
	Interest Rates				
	- Lending rate	13.1	13.1	13.0	12.9
	-Average Deposit rates				
	-Savings	2.23	2.16	2.10	2.10
	-Time	3.64	3.64	3.53	3.53
		<i>(In Millions of Currencies)</i>			
	Commercial banks loans to private sector - US\$	387.4	383.5	364.1	421.4
	Commercial banks loans to private sector - L\$	4,069.0	4,152.9	4,179.4	4,341.8
	Demand Deposits of commercial banks				
	Demand deposits - US\$	264.3	279.3	253.3	284.0
	Demand deposits - L\$	6,943.5	6,757.3	7,268.8	7,198.7
	- Time & Savings Deposits of commercial banks				
	Time & savings deposits - US\$	168.0	162.9	154.8	172.8
	Time & savings deposits - L\$	7,524.7	7,186.3	7,200.0	7,428.4
	Other Deposits**				
	Actual US\$ component of other deposits	1.3	0.7	1.1	0.6
	Liberian \$ component of other deposits	60.7	57.2	55.0	63.3

Transport mainly due to increase in the price of petroleum products.

On a monthly basis, the rate of inflation increased by 4.6 percentage points to 5.8 percent. The rise in the monthly inflation rate was mainly attributed to the increase in some sub-groups, including Transport, Housing, Water, Electricity, Gas and other Fuels and Restaurant & Hotel.

MONETARY DEVELOPMENTS

Monetary Policy Stance

The monetary policy objective of the Central Bank of Liberia (CBL) for June 2018 remained price stability through broad exchange rate stability. In seeking to achieve this objective, the CBL intervened in the Foreign exchange market through the regular auction to avert wide volatility in the exchange rate which may have a passed through effect to inflation. In the medium term, the CBL aims at creating a standing deposit facility as an additional monetary policy tool to help mitigate the persistent pressure on the domestic currency.

Monetary Aggregates and Credit

Monetary statistics showed that Broad money supply (M2) at end-June 2018 expanded by 10.9 percent to L\$95,801.2 million, from L\$86,368.9 million recorded at end-May 2018. The growth in M2 was mainly on account of expansions in time & saving deposits and demand deposits. Time & saving deposits and demand deposits rose by 15.0 percent and 11.6 percent, respectively, when compared with the previous month. A year-on-year comparison showed that broad money grew by 35.4 percent mainly triggered by expansions in currency outside banks (38.8 percent), demand deposits, (33.3 percent) and time & saving deposits (36.8 percent).

Still on monetary aggregates, net foreign assets (NFA) and net domestic assets (NDA) trended in opposite directions during the reporting period. Monthly and annual comparisons showed that NFA fell by 0.7 percent, and 7.6 percent, respectively. The monthly decline in NFA was driven by a 10.4 percent contraction in foreign assets of the CBL which outweighed the 16.2 percent expansion in assets held by commercial banks abroad, while the annual decline was on account of 8.6 percent and 6.1 percent slowdown in foreign assets of CBL and banking institutions, respectively. On the other hand, NDA expanded by 14.5 percent monthly and 54.5 percent annually. The annual increase was mainly on account of 36.2 percent increase in credit to the private sector including credit to non-bank financial institutions (NBFIs). On a month-on-month basis, NDA grew on account of 18.1 percent increase in credit to the private sector.

At end-June 2018, the US dollar share of commercial bank loans to private sector rose by 6.8 percent to US\$421.4 million. Similarly, the Liberian dollars component expanded by 6.0 percent to L\$4,341.8 million. Year-on-year comparison showed that the US dollar share grew slightly by 8.0 percent and the Liberian dollar share also grew by 16.3 percent. Surges in all loans and advances to all major sectors (except the construction sector which remained relatively stable) accounted for the overall growths in the United States and Liberia dollar shares of credit to the private sector. The outstanding credit to the construction sector generally remained stable most like because of slow down in construction activities occasioned by the rain.

		Mar - 18	Apr - 18	May- 18	Jun- 18
3	External Trade (Value)	(Millions of US\$)			
3a	Exports/1	50.1	29.9	38.3	25.07
	- O/w Iron Ore	13.4	1.5	0.0	0.0
	- O/w Rubber	12.0	5.8	6.5	5.70
	- O/w Mineral	19.5	21.8	29.4	12.66
	-o/w Cocoa Bean	0.2	0.0	0.1	0.0
	-o/w Palm Oil	0.7	0.0	1.0	1.61
3b	Imports (F.O.B)/1	72.2	72.4	91.8	76.34
	Minerals, Fuel, Lubricants	7.6	14.7	15.8	9.48
	-O/w Petroleum Products	5.3	10.9	10.8	8.25
	Food and Live Animals (including Animal and vegetable oil)	27.0	12.8	23.2	18.94
	-O/w Commercial Rice	18.5	0.1	9.9	9.23
	-O/w Non-commercial Rice	0.4	0.4	0.2	0.07
	Machinery & Transport Equipment	21.9	21.4	24.9	22.20
	Import (C.I.F)	80.2	80.5	101.3	126.88
	Trade Balance	-22.1	-42.5	-54.6	-50.12
3c	External Trade (Volume)	(Metric Tons)			
	- Rubber	5,792	4,467	5,094	4,205
	-Iron Ore	469,047.5	35,000±	0.0	0.0
	-Commercial Rice	138,518	145,996±	142,388	146,171
	-Non-commercial Rice	1,188	1,250±	1,266	1,314
	- Petroleum Products	2,807	5,621	5,544	4,211
	- Cocoa Beans	21,250	0.0	100	0.0
	- Palm Oil	20,700.0	2,215	4,405	17,413

		Mar - 18	Apr - 18	May- 18	Jun- 18
2	Fiscal Operations				
2a	Revenue, Expenditure & Debt	(Millions of US\$)			
	Actual Revenue & Grants	60.0	42.9	35.7	33.2
	Projected Revenue & Grants	27.9	61.5	94.8	51.1
2b	Expenditure	48.0	39.5	25.3	43.2
2c	Public Debt Stock	914.9	930.7	938.0	942.6
	Domestic	265.8	265.9	266.2	266.2
	External	649.0	664.8	671.8	676.4
2d	Treasury Securities	(Millions of L\$)			
	T- Bills Issued	-63.4	-63.4	-65.8	-69.1
	T- Bills Redeemed	62.8	62.8	63.4	65.6
	Net GoL Treasury Bills Operations^	-0.6	-0.6	-2.4	-3.5
	Ave. Weighted Discount Rate_T Bills	2.91	2.91	2.94	2.90
	Bond Issued (2 yrs.) amount in Billion				
	T- Bond Issued	0.0	0.0	0.0	0.0
	T- Bond Settled	0.0	0.0	0.0	0.0
	Net GoL Treasury Bond Operations^	0.0	0.0	0.0	0.0
	Ave. Weighted Discount Rate_T Bond	0.0	0.0	0.0	0.0

Source: MFDP, CBL

Exchange Rate

The average exchange rate of the Liberian dollar vis-à-vis the US dollar at end-June 2018, depreciated by 6.7 percent to L\$143.35/US\$1.00. The end-of-period (EOP) exchange rate for the same period depreciated by 9.0 percent to L\$150.77/US\$1.00. Annualized comparison indicated that the average exchange rate depreciated by 27.0 percent and the EOP rate, by 33.3 percent. The continuous increasing demand for the US dollar to facilitate imports coupled with the weak nature of the economy's real sector serve as the basis for the sustained depreciation of the domestic currency.

In the West African Monetary Zone (WAMZ), the EOP rate for all currencies in the Zone vis-à-vis the USD depreciated, with the exception of the Nigeria Naira, at end-June 2018. The Guinean Franc marginally depreciated by 0.08 percent while the Gambian Dalasi, the Sierra Leonean Leone and the Ghanaian Cedi depreciated against the USD by 0.34 percent, 0.98 percent and 2.23 percent respectively. The Nigeria Naira appreciated by 0.05 percent. Year-on-year comparisons of currencies in the WAMZ revealed that only the Nigeria Naira appreciated by 0.03 percent while all other currencies in the zone experienced depreciation, Table 2.

Financial Market Developments

For the month ended-June, 2018, the Government of Liberia (GoL) T-bill operations amounted to a net withdrawal of L\$3.5 million, implying that the CBL, on behalf of the government of Liberia, issued L\$69.1 million and redeemed L\$65.6 million in the reporting month at a discount rate, of 2.90 percent, representing a yield of 4 basis points lower than the yield recorded a month ago.

Banking Sector Developments

The performance of the banking industry end-June 2018 remained favorable as shown by key financial soundness indicators. Capital adequacy ratio

(CAR) and liquidity ratio continued to be far beyond the minimum requirements of 10.0 percent and 15.0 percent, respectively.

Provisional banking sector data at end-June 2018 revealed a liquidity ratio of 40.7 percent, compared with 41.5 percent as recorded at end-May 2018.

The Sector's CAR preliminarily settled at 27.2 percent compared with the preceding month. Non-performing loans ratio expanded by 17.8 percent to 9.6 percent compared with the figure reported at end-May 2018. In absolute term, the value of non-performing loans grew by 0.4 percent at end-June 2018.

FISCAL DEVELOPMENTS

Revenue (including Grants) & Expenditures

Government fiscal operation in June 2018 resulted into a deficit of US\$10.0 million compared with a surplus of US\$10.4 million in May 2018. The deficit recorded in June 2018 was on account of a 71.0 percent increase in public expenditure coupled with a 7.0 percent decline in total revenue and grant. Total revenue and grant in June stood at US\$33.2 million below US\$35.7 million in May, whereas total public expenditure in June 2018 was US\$43.2 million against US\$25.3 million in May.

Tax and non-tax revenue & grants accounted for 92.1 percent and 7.9 percent of total revenue and grants during the period under review, respectively. Actual revenue and grants reduced below budgetary projections by US\$ 17.9 million during the period under consideration. Recurrent expenditure (including loans and interest payments) and capital expenditure accounted for 99.6 percent and 0.4 percent of total public expenditure, respectively, for the month of June 2018.

Liberia's public debt stock for June 2018 amounted to US\$942.6 million, indicating an increase by US\$4.6 million (0.5 percent) against the stock of US\$938.0 million recorded at end-May 2018. Domestic and external debt stocks constituted 28.2 percent and 71.8 percent of Liberia's total public debt stock at end-June 2018, respectively (See Table below).

EXTERNAL SECTOR DEVELOPMENTS

Merchandise Trade

Merchandise trade performance at end-June 2018 showed relative improvement. Net trade balance resulted in a deficit of US\$50.2 million, a much-improved deficit when compared with the previous month revised deficit of US\$53.4 million. The improvement in trade balance for the month was basically a result of declines in both export earnings and import payments, Table 1.

Imports (FOB)

Statistics on import payments during the month of June 2018 showed that payments declined by 16.8 percent to US\$76.3 million, from US\$91.8 million reported in the previous month. All commodity composition of imports contributed to the fall in payments, However, Minerals, Fuel, Lubricants and Food & Live Animals (including animals and vegetable oil) were the major contributing factors to the decline in payments for imports.

Exports

Preliminary statistics on export earnings during the month of June 2018 showed a decrease of 31.6 percent. Earnings slumped to US\$26.2 million, from a revised US\$38.3 million recorded at end-May 2018. The decrease in export earnings during the month was mainly driven by falls in earnings from rubber and mineral (especially gold which has tended to be a major export commodity). Receipt from mineral fell by over 50 percent owing to slowdown in mining activities during the month, while that from rubber declined by 12.2 percent due to low production from all the major rubber producers.

Gross Foreign Reserves/¹

The month-on-month CBL gross FX reserve at end-June 2018 remained relatively stable compared with the previous month. Gross foreign reserve climbed by 0.8 percent to US\$382.6 million, from US\$379.5 million at the end of the preceding month due largely to reductions in the Bank's net liabilities to general government and commercial banks. In term of months of imports, CBL gross forex reserve at end-June 2018 reflects 3.6 months.

¹Gross International Reserve is being calculated by taking the CBL liquid foreign assets less net liquid liabilities to government and commercial banks plus SDR and Reserve Tranche.